

ALABAMA
DEPARTMENT OF
REVENUE

Business Essentials for State Taxpayers (B.E.S.T.)

*Operating a Business in Alabama:
Resources for Starting a New Business*

Rev. 06/01/2021



1



B.E.S.T. Webinar Series Housekeeping Reminders



Everyone's lines are muted when entering the meeting. This is to prevent background noises from interrupting the presentation. Only the host is able to unmute someone.

Layout

Click on the Layout button to set your preferred viewing option.



If you would like to ask a question about the presentation, please use the Q&A box to send a question to the presenter or a panelist. They will respond to your question(s) either during the presentation or at the end of the presentation.



After this meeting, there will be a survey with (9) evaluation questions about the presentation. Your feedback is important to us, so please take a few minutes to complete the survey.

ALABAMA
DEPARTMENT OF
REVENUE



2

The information in this presentation is intended to be an overview. It is not a comprehensive explanation of all aspects of the subject matter, does not represent legal advice, and is not legally binding on the Department. Information regarding taxes and tax administration changes frequently and should always be confirmed through a tax professional.

Please refer to the Alabama Department of Revenue website at revenue.alabama.gov for additional information.

Purpose of this Webinar

To provide useful resources for information on starting a business in Alabama.

This presentation will cover:

- Common types of businesses and business entities
- Things to consider when starting a new business
- Resources for new businesses

Common Types of Businesses and Business Entities

Common Types of Businesses

- **Retail** – Sales to end users – sales tax license is required
Examples: clothing stores, restaurants, grocery stores, car lots, antique malls, parts stores
- **Wholesale** – Sales to dealers that resell items – sales tax certificate of exemption is required (*contact Sales Tax Division at your local Taxpayer Service Center*)
Examples: Car auctions, restaurant suppliers, consignment businesses
- **Manufacturing** – Uses materials to make a product
Examples: Making furniture, jewelry or clothing; tool & die shops

Common Types of Businesses

- **Service** – No transfer of ownership
Examples: Janitorial, lawncare, daycare, building contractors, barber
- **Repair** – Only sells parts when installing to repair
Examples: Garage, body shop, appliance repair
- **Nonprofit** – Usually subject to sales tax (*contact Sales Tax Division at your local Taxpayer Service Center*)

Common Business Entity Types

- **Sole Proprietor** – Individually owned and not a separate legal entity
- **Partnership** – Two or more owners/partners
- **S Corporation** – Pass through taxation – must register with the Alabama Secretary of State and submit an initial Business Privilege Tax Return* within 2½ months after formation of the corporation

**Use Form BPT-IN*

Common Business Entity Types

- **C Corporation** – Taxed at corporate and shareholder level, must register with Alabama Secretary of State and an initial Business Privilege Tax Return* is due within 2½ months after formation of the corporation
- **Limited Liability Entities** – (includes LLC, LLP, etc.) Must register with Alabama Secretary of State and submit an initial Business Privilege Tax Return* within 2½ months after formation of the entity

**Use Form BPT-IN*

The Alabama Department of Revenue does not recommend one type of business entity over another. The advantages and disadvantages of one type of entity over the other depends on individual factors and should be discussed with someone knowledgeable of the applicable laws and your individual business situation, such as a tax attorney or a CPA.

Things to Consider When Starting a New Business

11

Location

- City limits
 - Need to purchase a city license and meet building codes
 - Need to collect city tax if taxable transactions are made
- Police Jurisdiction (PJ)
 - May need to purchase a city license and permits
 - May need to collect city's police jurisdiction tax if taxable transactions are made

12

Location

- Outside of city limits or police jurisdiction
 - No City licenses and permits
 - No City taxes collected
- Zoning requirements

Licenses and Permits

- State Privilege License – Purchased at County Courthouse (*see Business Privilege Licenses Webinar or Learning Modules on B.E.S.T. website*)
- County License – Usually purchased with State license at courthouse
- City License – In city limits and some police jurisdictions
- Regulatory License – Cosmetology, Auctioneers, Chiropractors, etc.
<http://inform.alabama.gov/agencysearch.aspx>
- Alabama Department of Public Health – Food service permit by local county health department
- Alabama ABC Board – Alcohol and tobacco licenses

Resources for Starting a New Business

ALABAMA
DEPARTMENT OF
REVENUE

 Be ADOR'd B.E.S.T!

15



<https://revenue.alabama.gov/>

ALABAMA
DEPARTMENT OF
REVENUE

 Be ADOR'd B.E.S.T!

16

An official website of the United States government
Here's how you know

Individuals
Businesses
Professionals

MOTOR VEHICLE
MY ALABAMA TAXES
CONTACT

Alabama Department of Revenue

SERVICES
FORMS
LEGAL
NEWSROOM
ABOUT

Businesses
Home > Businesses

The quick links below have been curated specifically for **businesses** looking for information on filing taxes, obtaining licenses, registering a business, and other services provided by the Department of Revenue. The header boxes above the link lists will take you to that division's page.

COVID-19 Updates

My Alabama Taxes

Taxpayer Service Centers

Atlas Alabama

B.E.S.T. Resources

Tax Incentives

Register an Entity

Certificate of Compliance

Income Tax

Administers individual income tax, business privilege tax, corporate income tax, partnerships, S-Corporation, fiduciary and estate tax, financial institution excise tax, and withholding tax.

Alabama Accountability Act

Due Dates

Corporate Taxes

Business Privilege Taxes

Withholding Tax

Partnerships, LLCs & S-Corps

Fiduciary & Estate Tax

Financial Institution Excise Tax

Sales & Use

Administers, collects and enforces taxes, including sales tax and consumers tax.

Simplified Sellers Use Tax

ONE SPOT

Sales Tax Holidays

Tax Rates

Due Dates

Assessment Procedures

How to Close a Business

Follow Us

Facebook
Twitter
YouTube

ALABAMA DEPARTMENT OF REVENUE

Be ADOR'd B.E.S.T!

17

An official website of the United States government
Here's how you know

Individuals
Businesses
Professionals

MOTOR VEHICLE
MY ALABAMA TAXES
CONTACT

Alabama Department of Revenue

SERVICES
FORMS
LEGAL
NEWSROOM
ABOUT

How to Close a Business

Assessment of Delinquency

Nonresident Employment Taxes

Tax Policy and Governmental Affairs

Prepares fiscal impact analyses and annual revenue estimates, develops statistical summaries and analyses, and drafts legislation.

Nexus Questionnaire

Voluntary Disclosure

Rule Hearings

Vendor Affidavit

Open Records Request Policy

Motor Vehicle

Oversees the issuance of vehicle titles, maintenance of vehicle registration information, and the enforcement of the MLI.

MVTRIP

County Registration Offices

JRP & JETA

Apply to Become a Designated Agent

Dealer License and License Plate Requirements

Property Tax

Supervises and controls the valuation, equalization, assessment of property, and collection of all Ad Valorem taxes.

Land Sales

Tax Delinquent Property Search

OPPAL

Millage Rate

Business & License Tax

Administers and collects taxes for motor fuels, severance, and tobacco as well as issues licenses for businesses and motor fuels.

Assessment Procedures

Business Licensing

Environmental Tax

Motor Fuels

Pari-Mutuel Pool Tax & State Horse Wagering Fee

ALABAMA DEPARTMENT OF REVENUE

Be ADOR'd B.E.S.T!

18

Alabama Department of Revenue Contact Numbers

- (334)242-1170 Option #1 – Individual Income Tax
- (334)242-1170 Option #7 – Withholding Tax
- (334)242-1170 Option #6 – Corporate Tax
- (334)242-1170 Option #8 – Business Privilege Tax
- (334)242-1170 Option #6 – Pass-Through Entity
- (334)242-1189 – Certificate of Compliance
- (334)242-1584 – Business Registration
- (334)242-1490 – Sales and Use Tax

Alabama Department of Revenue Taxpayer Service Centers

The Alabama Department of Revenue has nine Taxpayer Service Centers located throughout the State to assist you. Contact information for the service centers can be found at:

<https://revenue.alabama.gov/taxpayer-service-centers/>

Alabama Secretary of State

sos.alabama.gov

- S Corporations, C Corporations, and LLEs must register with the Alabama Secretary of State on their website or call (334) 242-5324
- Reserve Corporate Name
- Complete Domestic (*incorporated in Alabama*) Business Corporations, LLCs, LLPs and LPs Certificate of Formation
- Complete Foreign (*incorporated outside of Alabama*) Business Corporations, LLCs, LLPs and LPs Application for Registration

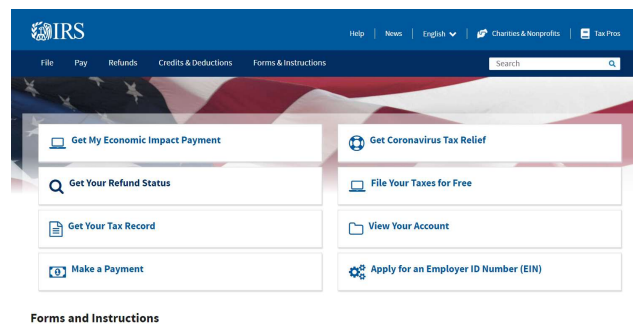
ALABAMA
DEPARTMENT OF
REVENUE

 Be ADOR'd B.E.S.T.!

21

Internal Revenue Service

- www.irs.gov
- IRS Forms: 1-800-829-3676
- IRS Assistance: 1-800-829-1040
- FEIN: 1-800-829-4933 (*complete Federal Form SS4 before calling*) or irs.gov and search for EIN online



ALABAMA
DEPARTMENT OF
REVENUE

 Be ADOR'd B.E.S.T.!

22

U.S. Small Business Administration

<https://www.sba.gov/>



U.S. Small Business Administration

[Translate](#) [SBA en Español](#) [For Partners](#) [Newsroom](#) [Contact Us](#) [Q](#)

[Business Guide](#) [Funding Programs](#) [Federal Contracting](#) [Learning Center](#) [Local Assistance](#) [About SBA](#)

Browse business topics



Plan your business

You've got a great idea. Now, make a plan to turn it into a great business.



Launch your business

Turn your business into a reality. Register, file, and start doing business.



Manage your business

Run your business like a boss. Master day-to-day operations and prepare for success.



Grow your business

When business is good, it's time to expand. Find new funding, locations, and customers.

ALABAMA
DEPARTMENT OF
REVENUE

Be ADOR'd B.E.S.T.!

23

Local Governments to Contact

County Courthouse

- Combined County/State business license (*see Business Privilege Licenses Webinar and Learning Modules on B.E.S.T. webpage*)
- County Sales Tax account number
- Property Tax account information (*see Business Personal Property Tax Webinar or Learning Modules on B.E.S.T. webpage*)
- File Domestic Certificate of Formation forms (*Effective January 1, 2020, corporations must file directly with Alabama Secretary of State.*)

City Hall

- City business license
- City Sales Tax account number

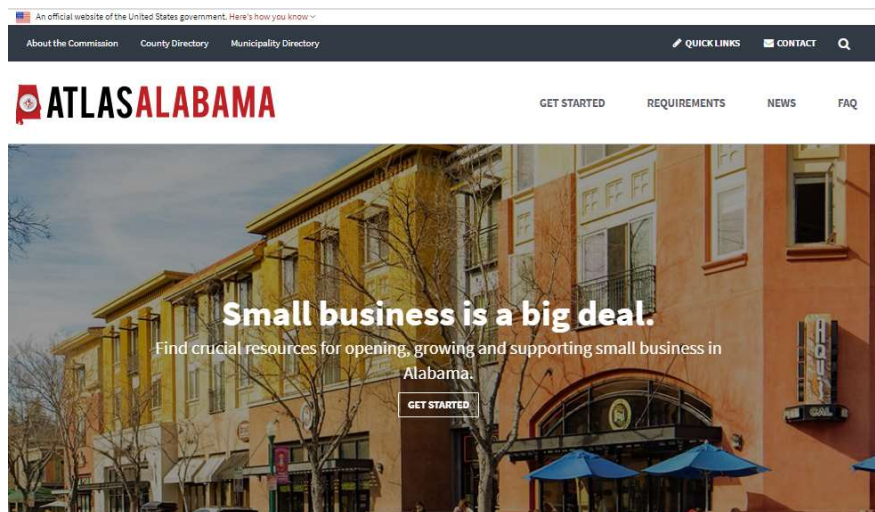
ALABAMA
DEPARTMENT OF
REVENUE

Be ADOR'd B.E.S.T.!

24

Other Resources

- Regulatory Boards – <http://inform.alabama.gov/agencysearch.aspx>
Cosmetology, Auctioneers, Chiropractors, Pharmacists, etc.
- CPA or Accountant
- Attorney
- Trade Associations – <https://directoryofassociations.com/index.asp>
- Local Chambers of Commerce
- Alabama Small Business Development Centers – <http://asbdc.org/>
- Other webinars for small businesses
- Atlas Alabama



<https://atlasalabama.gov/>

Thank you for being ADOR's B.E.S.T.!

B.E.S.T. Webinar presentations can be found at
<https://revenue.alabama.gov/taxpayer-advocacy/b-e-s-t-seminars/b-e-s-t-webinar-schedule/>

Also available are B.E.S.T. Learning Modules at
<https://revenue.alabama.gov/taxpayer-advocacy/b-e-s-t-seminars/watch-modules-online/>

Questions?

Please use the Q&A feature in Webex to ask the presenter questions.